



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject: **ACTION:** Managing Under a
Continuing Resolution

Date: OCT 21 2002

From: Assistant Administrator for
Financial Services/CFO

Reply to JRM: Mathewson:
Attn. of: x79064

To: Management Board

The purpose of this memorandum is three-fold: (1) to impose spending constraints; (2) to request spending and hiring plans for operating under a long-term Continuing Resolution (CR) or the House mark for FY 2003, whichever is lower; and (3) issue Operations allowances for the current CR which runs through November 22, 2002.

I. Exercising Fiscal Constraint

On October 10, the Chief Financial Officer (CFO) for the Department issued guidance for operating under a CR (attachment 1). She also asked that each operating administration exercise fiscal restraint and, in preparation of a long-term CR, put in place a spending plan and appropriate spending controls to enable each agency to continue programs at the current (FY 2002) level within the funds provided by the CR.

Until such time as different guidance is provided, you and your managers must limit all obligations regardless of appropriation to those that are clearly needed to meet operational and legal requirements, to protect and maintain agency facilities, and to safeguard employees. Other obligations such as those for non-operational purposes and for operational purposes that can be delayed without adverse impact should not be incurred. This means that, except in the most unusual of circumstances, you and your managers should not obligate funds for non-operational travel (site visits, internal conferences, workshops, and meetings), non-technical training, office equipment, furniture purchases, and space renovation. As the Department's CFO specifies in her memorandum, special

attention should also be paid to overseas travel, making sure that any trip is absolutely mission essential and the number of participants is limited to the fewest necessary.

As for staffing, with the concurrence of the Administrator I am imposing an immediate freeze on all hiring, except for those positions that you personally designate as critical safety positions. This hiring freeze will be modified for each individual organization after you submit and we approve a spending and hiring plan for FY 2003.

For Facilities and Equipment and Research, Engineering, and Development, the annual spending rate on specific budget line items should not exceed the lower of the following four funding levels: the FY 2002 level, the FY 2003 House Mark, the FY 2003 Senate Mark, or the FY 2003 President's Budget.

Also, during the period of the CR, you may fund any project, program, or activity that was an approved project, program, or activity in FY 2002, even if you did not fund that particular project, program, or activity in FY 2002. In funding an approved project, program, or activity, the term of the obligation is limited to the period of time covered by the CR unless, last year during the period of time covered by the CR, a longer-term obligation was made for the project, program, or activity. In this case, you may obligate funds for a comparable period of time this year while operating under a CR. In no case, however, may you obligate more funds than are available for obligation under the CR. This guidance applies to all projects, programs, and activities funded by the FAA irrespective of appropriation.

Finally and in response to several inquiries, please note that the guidelines and restrictions contained in my January 14 and June 4, 2002, memoranda, "Shifting or Imposing Costs on Other FAA Organizations" and "Spending Restrictions," remain in effect until specifically changed or eliminated.

II. Spending and Hiring Plans

Attachment 2 provides your likely CR-funding level for six and twelve months or the House Mark, whichever is lower. The attachment also provides your approved year-end employment levels for FY 2002.

By October 31, two items are needed:

A memorandum stating your ability or inability to manage within the funding levels specified in attachment 2. I am looking for one of three messages from you as suggested in attachment 3.

2. An annual financial plan at the organizational level and by quarter consistent with your memorandum to me. This should be submitted to the Office of Budget by your budget staffs who will be receiving additional information on this requirement next week from ABU-200 and ABU-300.

For the purposes of these two requirements, you and your staffs should assume the imposition of a 4.1 percent pay raise effective the first full pay period of calendar year 2003. Organizations should also assume the same annual set-asides imposed in FY 2002 for the Administrator's Reserve, Workers' Comp, Oracle, and NextGen Email. Air Traffic Services should assume that it will be required to fund Contract Tower Cost-Sharing, Mid-America Aviation Resource Consortium, and Airspace Redesign at the levels funded in FY 2002. Air Traffic Services should further assume that it will be required to fund the Centennial of Flight Commission at \$900,000 and the full-year costs for Emergency Operations and Communications.

III. Operations Allowances Under the Current Continuing Resolution

Attachment 4 provides the Operations allowance under the current CR which runs through November 22. The allowance methodology is based on information from the Office of the Secretary of Transportation and the Office of Management and Budget. It would be a violation of the Anti-Deficiency Act to obligate Operations funds in excess of the amounts listed. In the very near future, the Operations Budget Division (ABU-200) will meet with your staff to explain and review this methodology. If changes to these allowances are warranted based on this review, ABU-200 will make them.

I am aware that these guidelines and the possibility of having to manage your programs at last year's funding levels will cause hardship. However, not knowing how long the agency may be required to operated at highly restricted

4

funding levels, it is prudent that these guidelines be imposed and financial plans be requested.

If you have any questions or wish to discuss this guidance, please give me a call or stop by. If you or your staff discover errors in the calculation of ceiling figures, please let the Office of Budget know.

A handwritten signature in black ink, appearing to read 'C. Bertram'.

Christoph Bertram

Attachments

Attachment

**U.S. Department of
Transportation**Office of the Secretary
of Transportation

Memorandum

October 10, 2002

Subject: **ACTION:** Spending Restraints During
a Continuing Resolution

From: Donna McLean *Don McLean*
Assistant Secretary for Budget and Programs/CFO

Reply to
Attn. of:

To: Heads of Operating Administrations.

Since the Department of Transportation does not have a signed appropriations bill for fiscal year (FY) 2003 and we are currently operating under a Continuing Resolution (CR), I am asking each operating administration to exercise fiscal restraint during the remainder of the CR.

In preparation of a longer term CR, which could last through the end of the calendar year, or longer, every operating administration should put in place a spending plan and appropriate spending controls to enable the agency to continue programs at the current (FY 2002) level within the amount of funds provided under the CR. Your spending plan should ensure that all direct obligations during the CR are absolutely necessary to carry out the responsibilities of your respective organizations and are within the funds available:

I suggest that you focus on restricting or freezing activities in the following areas:

- Hiring of personnel, other than those necessary to ensure the operation of essential Government functions such as those affecting safety, health, or national security;
- All overseas travel;
- All non-operational travel (e.g., travel to attend conferences, to give speeches or presentations, or to gather information);
- Conferences and offsite meetings;
- Employee training, unless such training is necessary to the achievement of the agency's core mission and relates to the performance of official duties;
- Printing and graphics, especially where color printing is being requested; and,
- Space alterations and purchases of office furniture, equipment and supplies, including computer equipment.

I also ask that by COB Wednesday October 16th, you send me a written report that describes the controls and processes you have put into place to ensure that spending is well-managed during the remainder of the CR.

Conferences and Off-site Meetings

Regarding conferences and offsite meetings, it is imperative that the purpose clearly relate to the core mission of the Department, that attendance is limited to those with a clear need to attend, and that costs are limited to those necessary for the success of the conference or meeting. You are encouraged to have field staff represent the Department at industry conferences and public meetings, thereby minimizing the need for headquarters personnel to travel. Special attention should be paid to conferences and offsite meetings that involve only Departmental personnel and are primarily administrative in nature. Attendance and costs for these types of conferences and meetings should be held to an absolute minimum.

Space Alterations and Purchases of Office Furniture, Equipment and Supplies

All space alterations should be consistent with the General Services Administration guidelines and should be done in the most economical fashion practicable. New furniture should only be purchased when absolutely necessary, and then only standard furniture and finishes. Purchases of office equipment and supplies should be restricted to what is necessary to conduct normal business during the remainder of CR.

If you have any questions concerning this guidance, please contact Lana Hurdle, Director, Office of Budget and Program Performance, at 366-9603.

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Attachment 2

**Anticipated Funding Levels and Maximum Employment Ceilings
Under a Continuing Resolution or House Mark (Whichever is Lower)**
(dollars in thousands)

	<u>6-Month CR Funding</u>	<u>12-Month CR Funding</u>	<u>Employment Ceiling</u>
Operations			
Air Traffic Services	2,717,602	5,446,096	34,938
Regulation & Certification *	441,747	864,221	6,352
Civil Aviation Security **	137,621	249,238	465
Research & Acquisitions	96,923	194,235	508
Commercial Space Transportation	6,092	12,209	69
Regions and Centers ***	41,582	83,392	638
Human Resource Management ***	32,814	65,808	502
Financial Services ***	23,327	46,782	130
Administrator/Deputy Administrator	3,121	6,254	52
Chief Counsel	14,945	29,950	274
Policy, Planning, & Int'l Aviation ***	10,802	21,664	150
Government & Industry Affairs	620	1,242	10
Public Affairs	1,921	3,850	35
Civil Rights	4,100	8,217	88
Systems Safety ***	5,058	10,144	36
Information Services	13,113	26,279	84
Facilities & Equipment (Activity 5)	188,033	377,100	3,141
Research, Engineering, and Development	[consult with ABU-300]		405
Grants-in-Aid for Airports (Admin Drawdown)	28,419	56,994	485

* Includes Emergency Response Funds associated with securing cockpit doors. See ABU-200.

** Includes Emergency Response Funds associated with special security requirements.

Some of these funds are intended for use by the TSA. See and work with ABU-200.

*** Reflects the House Mark since it is lower than the estimated CR level. See ABU-200.

Attachment 3

Suggested Responses for October 31 Memorandum to the FAA's CFO

1. If you find you are able to manage within the levels specified without taking adverse personnel actions, please certify that "I have implemented sufficient spending restrictions in my organization to allow me to undertake my organization's core activities within the funding levels specified and at an employment level not to exceed _____ without having to implement adverse personnel actions such as reductions-in-force and furloughs" (The staffing level specified must not exceed the staffing level provided in attachment 2.)
2. If you find that you are able to manage within the levels specified only by taking adverse personnel actions, please certify that "I have implemented sufficient spending restrictions in my organization to allow me to undertake my organization's core activities within the funding levels specified and at an employment level not to exceed _____, but only by having to implement the following adverse personnel actions [specify those action]."
3. If you find that you are unable to manage within the levels specified even with imposing adverse personnel actions, please provide me with a detailed description of the problem, the measures you will be taking to partially address the problem, and your organization's core activities that cannot be supported at the funding levels specified.

Attachment 4

**Operations Appropriation
Allowance Levels
Under the Continuing Resolution
Through November 22, 2002
(Excludes Carryover Funds)**

	<u>Regular</u> <u>Appropriations</u>	<u>ERF</u> <u>Funding *</u>	<u>Total</u>
Air Traffic Services	789,683,848		789,683,848
Regulation & Certification	110,812,002	11,460,816	122,272,818
Civil Aviation Security	21,639,568	10,664,969	32,304,537
Research & Acquisitions	28,164,032		28,164,032
Commercial Space Transportation	1,770,247		1,770,247
Regions and Centers	12,381,956		12,381,956
Human Resource Management	9,973,912		9,973,912
Financial Services	7,160,593		7,160,593
Administrator/Deputy Administrator	906,875		906,875
Chief Counsel	4,342,792		4,342,792
Policy, Planning, & International Aviation	3,165,070		3,165,070
Government & Industry Affairs	180,110		180,110
Public Affairs	558,214		558,214
Civil Rights	1,191,411		1,191,411
System Safety	1,496,275		1,496,275
Information Services	3,810,450		3,810,450
Total	997,237,355	22,125,785	1,019,363,140

* DOD Supplemental Funds. The use of these funds is limited to the purposes specified in the supplemental.